

UNITED STATES DEPARTMENT OF AGRICULTURE  
AGRICULTURAL ADJUSTMENT ADMINISTRATION  
WASHINGTON, D. C.

STAMP PLAN FOR DISTRIBUTION OF SURPLUS FOODS

May 17, 1939.

Dear Committeeman:

The Department of Agriculture is starting to try out a food-order stamp plan for distribution of surplus foods through normal trade channels. The plan which is to be tested first on an experimental basis in six cities, selected in different parts of the country and varying in size from 50,000 up, is already being put into operation in Rochester, N. Y., the first of the six cities to be selected. Other selected cities will likely be announced soon, perhaps even before this reaches you.

As you know, the Federal Surplus Commodities Corporation has for the past 5 years been carrying out a program of surplus purchase and direct distribution through State relief agencies. This program will be continued in all places except those cities where the new plan is in effect.

Because of the widespread interest in the plan it is likely that you will be asked a great many questions about it. For your information the following brief account may be helpful:

The new stamp plan is aimed directly at the twin problems of price-depressing surpluses on the farm and inadequate diets wherever found. Through the plan, wider consumption of surplus commodities will be sought by giving low-income families purchasing power to buy, through regular trade channels, additional amounts of needed farm products. This is intended as a supplement to the general farm program.

The additional buying power will be given in the form of food-order stamps, good in any local store for designated surplus foods. The stamps will go to those receiving or eligible for direct public assistance. Funds of the Federal Surplus Commodities Corporation will be used for their redemption.

The stamps are to provide for the purchase of surplus foods in addition to and not in place of regular food purchases now being made by the needy families. Three different methods of handling the stamps, each to be tried out in one or more of the experimental cities, will be used to determine the extent of precautions needed to insure that surplus purchases are actually additional purchases of food.

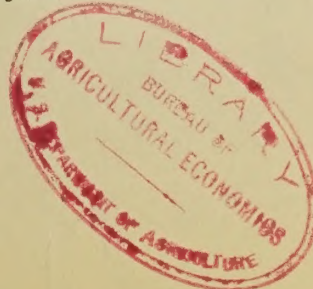
Under two of the methods, the surplus food stamps, which will be blue, will be given to eligible relief families only when these families buy orange-colored stamps of a face value approximating their present regular food purchases. These orange-colored stamps will be good for any food in any grocery store, and will be used by the family to continue its regular food purchases. The two kinds of stamps will be issued in a single stamp book. They will not be transferable and will not be good if detached from the book before purchases are made.

Briefly, the orange or regular food-purchase stamps will be bought by the eligible family, and the additional blue or surplus-food stamps will be given to them without charge. One blue stamp will be issued for each two orange stamps purchased.

Families who take part in the joint stamp plan program will be required to buy a definite minimum of the orange stamps. They may, if need exists, buy a maximum of about half again as many as the minimum. The minimum may vary in different cities in accordance with price levels and other factors, including present average food expenditures. In general this minimum will not be less than \$1 a week for each member of the family, and it may be higher. Where the \$1 minimum applies, the addition of the free surplus stamps will give that family total food buying power of \$1.50 a week per person.

As indicated above, two methods of distributing the orange and blue stamp books will be tried. Under one, the eligible families will pay cash for the stamp books, paying the value of the orange stamps. Under the other they will, at their request, receive the stamp books, dollar-for-dollar of orange stamp value, in place of part of their regular WPA or other relief payment.

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The third way of handling the surplus stamps will call for distribution of blue stamps alone. Eligible families who receive these stamps will agree to continue their regular food purchases. This would be the simplest plan of all. Tests with it will show whether or not the precautions of the orange stamps are necessary to insure that surplus purchases are made as additions to regular purchases.

The food-order stamp plan will be entirely voluntary. The decision to buy the orange stamps and accept the blue stamps will rest in all cases with the relief family.

Close cooperation between public agencies and business will be basic in the new stamp plan. The surplus commodities will be officially designated by the Department of Agriculture. They will be handled, however, entirely by the regular food-distributing industry—from original farm product purchase to final sale in the retail store.

Full success of the plan would mean that demand for and distribution of surplus farm commodities would go far beyond the direct purchases made with the blue stamps. Grocymen under the program are expected to become more effective salesmen for the farmer. The surplus commodities, sold in greater quantities, could be handled at lower unit cost. Featuring them through aggressive merchandising and lower price should result in increased sales to regular purchasers, as well as to those who buy with the blue surplus stamps. The result can well be a very important contribution to the job of moving more surpluses.

Further information in regard to the plan, and its extension if successful in the experimental cities, will be released as the plan moves into actual operation. On May 4 Secretary of Agriculture Henry A. Wallace designated eight foods as surplus products to be made available through the blue stamps. The foods designated by the Secretary were butter, shell eggs, dry edible beans, dried prunes, oranges, fresh grapefruit, wheat flour and whole wheat (graham) flour, and corn meal.

Very truly yours,

*Claude R. Wickard*

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